To: "David Eun" <deun@google.com>
From: "Jordan Hoffner" <jhoffner@google.com>
Cc:
Bcc:
Received Date: 2007-05-21 22:33:55 GMT
Subject: Re: Search vs. Watch page revs

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Dave:
I got into this a bit with Jamie and I spoke with Jeff on this and he admits that it is a more of a "floor" of a monetization model and it doesn't get too in depth as it measures watch pages and what consumers are watching in a current state of YouTube as opposed to number of monetizable videos in the index and what we could be doing to maximize the opportunities with the site (like promote your video, new and better browsing and categorizing, etc.)

I plan on doing a strategic deck once I get some more answers, but the quick read for Omid's meeting is that basically we need to get more videos in the index. This means BOTH monetizable via partners and user unmonetizable. (There is a third bucket down below we need to attack aggressively as well). We need this to get more inventory so that the search numbers continue to go up (concept of unlimited choice rings true here) and more watch pages occur.

Implications for partners:
Theoretically, if we incentivize partners with a bigger revenue share or other economic considerations like a guarantee, they would be more inclined to add more content. More content = more search. We would also be able to add more promotion inventory as we would be adding more watch pages to help discovery. However, given that the average # of views per partner's content is pretty low to date, we will have to be careful on what we guarantee if we go that way. Given the economic mix I see, we should be more aggressive on the split in the very least.

Online Sign-up: An opportunity
Another way to get more monetizable inventory in the index is to aggressively expand our torso efforts to online sign-up. While Cliff and team are doing a great job, they are limited by hours in the day and days in the week. Adsense was able to scale as they were able to create an online signup mechanism and then have some manual verification. We are working toward this over the summer, so this is timely. One example is the video we saw at the offsite with the guy who did the Virgin Mary mosaic with peanut butter and jelly sandwiches. That is 400,000 views wasted. You add that up to thousands of users who can come up with creative videos and that is an economic system in itself. If you improve targeting with better metadata forms for the partners/users to fill out and leverage buying and best practices through the adwords system, then you have something. (Skippy peanut butter should be sponsoring something like that and at a higher cpm than $8 since it is so relevant).

Other factors to consider:
Aside from better targeting, there is category sponsorship and integration through other Google products and services that can help get us there, but without more videos in the index and a robust search, those factors can't quite help us drive significant revenue. For example, what good is a category for an advertiser to sponsor if there aren't enough videos in that category to support a meaningful ad buy. Fitness is an example, but it is pretty generic. If we had 100K videos on weight loss techniques, that is

DATE: 2-12-09 EXHIBIT# 22
DEPONENT: ICARDESTANI
CASE: Viacom, et al., v. YouTube, et al., The Football Association Premier League, et al., v. YouTube, et al., Case Nos. 07-CV-2203 and 07-CV-3582

A. Ignacio Howard, CSR, RPR, CCRR, CLR, No. 9830

something a sponsor could get behind because it has depth and breadth within the category.

Let me know if you need pages for Omid's meeting.

On 5/20/07, David Eun <deun@google.com> wrote:
>
> J-
>
> Pls make this a priority for tmr. If we believe it's all about Search,
> then what are the strategic implications for premium content inventory and
> deals?
>
> They dropped a pretty big bomb with this analysis. Let's double check to
> make sure everyone feels comfortable with the assumptions and then come up
> with a point of view from a partnerships perspective in response.
>
> If we believe the assumptions are generally right, then we shouldn't be
> continuing on the path we're on for Content deals with premium partners,
> should we?
>
> D-
>
>
> ---------- Forwarded message ----------
> From: David Eun <deun@google.com>
> Date: May 20, 2007 3:07 PM
> Subject: Search vs. Watch page revs
> To: Shashi Seth < shashis@google.com>, Jamie Byrne <jbyrne@youtube.com>,
> Jordan Hoffner <jhoffner@google.com >
>
> All,
>
> I know we were all super busy last week with the Conference, but I did
> want to remind you of my request to revisit the ad rev generation analysis.
>
> Do you still feel comfortable with me communicating that how much stronger
> search results are going to be vs. watch pages for ad revenue generation?
>
> Your first cut showed a very, very dramatic difference between the two.
> Do you still feel comfortable with the assumptions? Pls send me the
> analysis and any assumptions that you've modified.
>
> I'm off to London in a few hours and have Omid's offsite on Wednesday
> where we'll be discussing YT Monetization among other things.
>
> Thanks!
> Dave
>
> --
> David Eun
> NY: 212-565-8070
> CA: 650-253-1993
>
> ==========
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Jordan Hoffner
Head of Premium and Information Content Partnerships--YouTube
Google
1000 Cherry Ave
San Bruno, CA 94066
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c (

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